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### Constitutional Amendment A: State Office Consolidation

Cooperative Extension South Dakota State University

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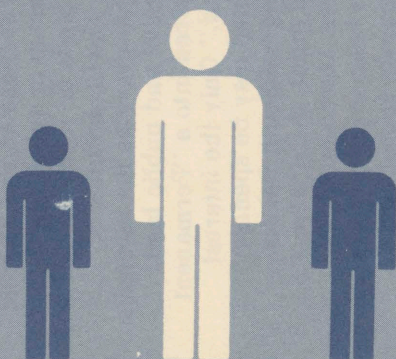
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**Constitutional amendment A:**

# **State office consolidation**

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**COOPERATIVE EXTENSION SERVICE  
SOUTH DAKOTA STATE UNIVERSITY  
U.S. DEPARTMENT OF AGRICULTURE**



## Constitutional amendment A:

# State office consolidation

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Constitutional Amendment A is a measure to combine the duties of the State Treasurer and the Commissioner of School and Public Lands.

A "yes" vote on Amendment A will combine the duties of the two constitutional offices into one office called the State Treasurer and Administrator of School Lands. A "no" vote on Amendment A will maintain the present constitutional language of two separate offices—the State Treasurer and the Commissioner of School and Public Lands.

### Provisions of the Amendment

The ballot amendment will contain 10 sections. Whenever an amendment is proposed, the whole section is printed even though only one word might be changed.

In Amendment A, the only wording change from the present Constitution is that "State Treasurer and Administrator of School Lands" is substituted for references to either "Treasurer" or "Commissioner of School and Public Lands."

### Present duties of the two offices

The State Treasurer has charge of all public moneys that are paid into and out of the state treasury as prescribed by legislative action. The Treasurer is responsible for all transactions of state receipts and expenditures—each total about one billion dollars annually. The Treasurer also is responsible for maintaining the permanent school fund account and conducting all of the transactions associated with the fund and interest earned.

The Commissioner of School and Public Lands has charge of the direction, management, and control

of all school and public lands granted to the state. These responsibilities include conducting appraisals, land sales, establishing rental rates, making surface and mineral lease arrangements, and managing all leased land. Presently there are about 850,000 acres of school and public lands and 5.2 million acres on which the state holds mineral rights.

Second, the Commissioner supervises the collection of funds due to the state from school and public land sales, leases, and patents and deposits the money with the Treasurer.

Third, the Commissioner supervises the investment of the \$96 million presently in the permanent school fund.

Fourth, the Commissioner supervises the apportionment of the earned interest and lease revenue to the counties and public institutions of the state. Presently, about \$11 million is apportioned to local schools and \$2 million to higher education in the state. The apportionment accounts for about 12% of state aid to local schools and about 4% of total local school expenditures in South Dakota.

### School and public lands

The Enabling Act for South Dakota statehood required that revenues generated from the sale or lease of sections 16 and 36 from every township or substitute indemnity lands be reserved for education. The Constitution of South Dakota provides the revenues from all school and public land sales be placed into a "Permanent School Fund." Only the interest from this fund may be spent.

In the original South Dakota school land grant, there were 3.5 million acres. More than three fourths has been sold and invested in the permanent school fund.

### The recent temporary office merger

After the death of a previous Commissioner, the Governor temporarily appointed the State Treasurer as the Commissioner of School and Public Lands. As a result, the offices of State Treasurer and Commissioner of School and Public Lands were jointly held by one individual from early 1983 to July 1984. In addition the Commissioner's office and staff of six positions were physically merged with the Treasurer's office and six staff.

Section 3 of Article IV of the state Constitution states, "Except as to the elected Constitutional officers, the Governor may make such changes in the organization of offices, boards, commissions, agencies and instrumentalities and in the allocation of their functions, powers and duties, as he considers necessary for efficient administration." The state Supreme Court has the final decision on constitutionality questions. To date, no judgment has been given. It remains to be seen whether one will occur.

Supporters of the temporary merger believe that the joint appointment was a justified effort to save costs and increase efficiency. On the other hand, opponents cite that the joint appointment action was inappropriate because it is allegedly unconstitutional. Still others hold the belief that these actions should not affect the voters' decisions on whether the amendment should be passed or defeated in November.

### If the Amendment is passed

If the amendment is passed in November, Treasury officials suggest that continuing the



consolidation would likely save salary expenditures, improve coordination, and reduce duplication. In fiscal year 1982 before the office merger, the two offices spent \$406,016. State budget records show that expenditures for fiscal years 83 and 84 were 4.8% and 1.3% below 1982. The actual savings was probably greater, but figures separating out the annual salary increases, inflationary costs in office operations, and the new Treasury collection point in Sioux Falls are unavailable.

A similar perspective is provided by comparing actual spending to what was planned or budgeted. In fiscal year 82, the year before the merger, about 8% of planned spending for the combined offices was returned unspent to the state's general fund. During fiscal years 83 and 84—during and after the physical merger—about 15% of the budgeted appropriations for the combined offices was returned unspent. State Treasury officials cite salary savings and increased office efficiency from the temporary merger as primary reasons.

Opponents suggest that the management skills required of the Commissioner to insure prudent management of school and public lands are not the same financial management skills required for State Treasurer. This implies that prudent school land management might lose emphasis if the offices are merged.

Proponents suggest that the Commissioner's job description has shifted emphasis from land management to investment management as school lands have been sold over the years.

### **If the Amendment is defeated**

If defeated, the present constitutional provisions of separate offices for the State Treasurer and the Commissioner of School and Public Lands would remain intact. The two constitutional offices would likely be physically separated as called for in the present South Dakota Constitution.

Presumably, there is an additional "check and balance" by maintaining separate offices. In many other state government agencies, Treasury transactions are separated from supervision of collection and distribution of funds. The need for this "check" is a value judgment.

Some people have suggested that the merger would be the forerunner of diverting funds from the permanent school fund to other state government uses. However for this to occur, an additional constitutional amendment changing the present permanent school fund authority would likely be required in a future election.

In summary, many people hold the belief that both offices are too small and should be combined. In

contrast, others believe that spending \$34,600 for each salary is not too much considering the responsibilities of each constitutional office. The voters will decide whether or not these constitutional offices should be combined in the November 6th election.

Based on events and information available on or before July 20, 1984.

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